



8011-01p
(SECURITIES AND EXCHANGE COMMISSION)
(Release No. 34-78668; File No. SR-BOX-2016-28)

Self-Regulatory Organizations; BOX Options Exchange LLC; Order Approving a Proposed Rule Change to Expand the Short Term Option Series Program to Allow Wednesday Expirations for SPY Options

August 24, 2016

I. Introduction

On June 30, 2016, BOX Options Exchange LLC (“BOX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its rules governing the Short Term Option Series Program³ to allow the listing and trading of options on the SPDR S&P 500 ETF Trust (“SPY”) with Wednesday expirations. The proposed rule change was published for comment in the **Federal Register** on July 13, 2016.⁴ The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

Under the terms of the current Short Term Option Series Program, after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on that class that expire on

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See IM-5050-6 to BOX Rule 5050.

⁴ See Securities Exchange Act Release No. 78243 (July 7, 2016), 81 FR 45346 (July 13, 2016) (“Notice”).

each of the next five Fridays, provided that such Friday is not a Friday in which monthly options series or Quarterly Options Series expire.⁵

The Exchange's proposed rule change would expand the Short Term Option Series Program to permit BOX to open for trading, on any Tuesday or Wednesday that is a business day, series of options on SPY that expire on any Wednesday of the month that is a business day and is not a Wednesday in which Quarterly Options Series expire ("Wednesday SPY Expirations").⁶ Wednesday SPY Expirations would be subject to the same rules as the standard Short Term Option Series program,⁷ with two exceptions. The Exchange proposes that the current limitation of no more than five Short Term Option Series expiration dates in a class⁸ would not include any Wednesday SPY Expiration. Instead, the Exchange proposes a separate limit of five consecutive Wednesday SPY expiration dates⁹ so that the Exchange could list five Short Term Option Series expiration dates for SPY expiring on Friday as well as five Wednesday SPY Expiration dates.¹⁰ In addition, unlike other option series in the Short Term Option Series

⁵ See Securities Exchange Act Release No. 62505 (July 15, 2010), 75 FR 42792 (July 22, 2010).

⁶ Under the proposal, the Exchange would expand the definition of "Short Term Option Series" in BOX Rule 100(a)(64) and add a description of Wednesday SPY Expirations in proposed IM-5050-6(c) to BOX Rule 5050. For further details, see Notice, supra note 4, at 45346.

⁷ For example, Wednesday SPY Expirations would be subject to the same series limitations and strike interval rules as standard Short Term Option Series and would be P.M.-settled. See IM-5050-6(b) to BOX Rule 5050. See also Notice, supra note 4, at 45346-47.

⁸ See IM-5050-6(a) to BOX Rule 5050.

⁹ See proposed IM-5050-6(c) to BOX Rule 5050.

¹⁰ See Notice, supra note 4, at 45346.

program, Wednesday SPY Expirations could expire in the same week in which monthly option series in the same class expire.¹¹

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, with section 6(b) of the Act.¹² In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act,¹³ which requires, among other things, that a national securities exchange have rules designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission believes that the proposed rule change may provide the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in SPY options, thus allowing them to better manage their risk exposure.

In approving this proposal, the Commission notes that the Exchange has represented that it has an adequate surveillance program in place to detect manipulative trading in Wednesday

¹¹ See id.

¹² 15 U.S.C. 78f(b). In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹³ 15 U.S.C. 78f(b)(5).

SPY Expirations.¹⁴ The Exchange further states that it has the necessary systems capacity to support the new options series.¹⁵

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to section 19(b)(2) of the Act,¹⁶ that the proposed rule change (SR-BOX-2016-28) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Robert W. Errett,
Deputy Secretary.

¹⁴ See Notice, supra note 4, at 45347.

¹⁵ See id.

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ 17 CFR 200.30-3(a)(12).

